

Energy Situation Analysis Report

Last Updated: August 20, 2002

Next Update: August 22, 2002

[Energy Situation Analysis Report Archive \(PDF\)](#)

Latest Oil Market Developments

West Texas Intermediate (WTI) September crude oil futures on the New York Mercantile Exchange (NYMEX) rose sharply (\$0.51 per barrel) yesterday (8/19/02) from Friday's close, settling at \$29.84 per barrel. NYMEX front-month futures prices now have risen by \$3.34 per barrel (13%) since August 7, are at their highest level since May 21, 2001 (\$29.98 per barrel) and May 14, 2002 (\$29.36 per barrel). [more...](#)

Latest U.S. Weekly EIA Petroleum Information

The U.S. average retail price for regular gasoline fell 0.1 cent per gallon last week, ending at 139.2 cents per gallon as of August 19. This price is 3.5 cents per gallon lower than last year, turning around four previous weeks of higher 2002 prices. Price changes were mixed throughout the country. Gasoline prices have not seen any sharp increases yet this summer. [more...](#)

World Oil Market Highlights

According to third quarter 2002 estimates, the world holds about 5.6 million barrels per day of excess oil production capacity that could be brought online within 30 days, over 90% of which lies in OPEC countries. This figure does not include Iraqi spare capacity. [more...](#)

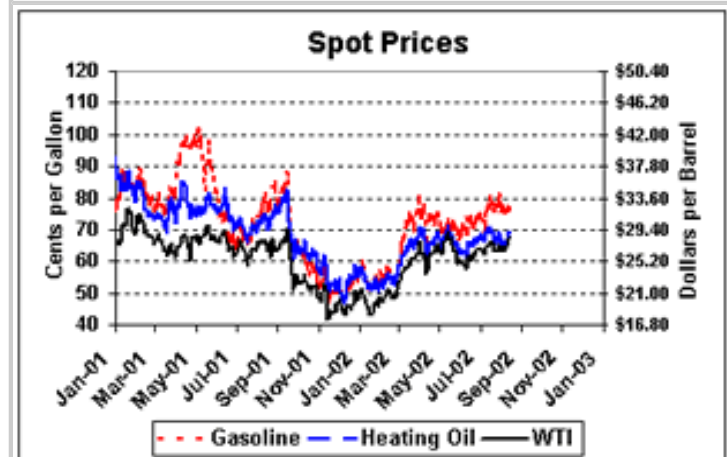
Latest U.S. Weekly Natural Gas Information

On the NYMEX, natural gas futures prices continued to show strength despite signs of moderating temperatures as well as short-term forecasts from the National Weather Service calling for below normal temperatures for the eastern half of the nation during the last week of August. After gaining nearly 39 cents per MMBtu from Friday to Friday (August 9-16), the September contract began this week with an increase of \$0.118 per MMBtu on Monday, to settle at \$3.267 per MMBtu. [more...](#)

Energy Prices*

Petroleum Futures	8/19/02 8/16/02 Change		
WTI (\$/Bbl)	29.84	29.33	+0.51
Gasoline (c/gallon)	79.09	79.19	-0.10
Heating Oil (c/gallon)	73.39	73.45	-0.06
Natural Gas (\$/MMBtu)			
Henry Hub	3.10	3.10	0.00
California	2.77	2.76	+0.01
New York City	3.49	3.64	-0.15
Electricity (\$/Megawatthour)			
COB	20.88	24.10	-3.22
PJM West	34.63	48.25	-13.62
NEPOOL	45.00	56.50	-11.50
Average	32.42	37.38	-4.96

[*Definitions](#)



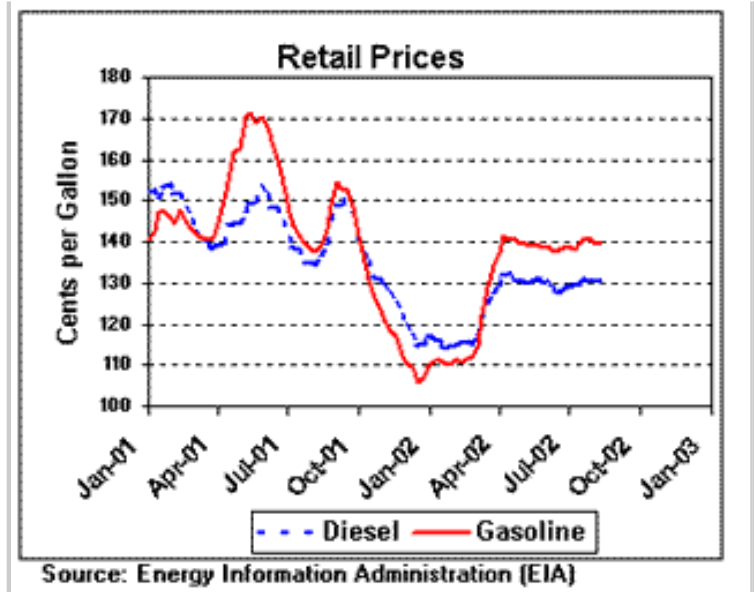
Source: Closing quote as reported by Reuters News Service

Latest U.S. Coal Information

For the week ending August 16, none of the week-to-week coal prices tracked by EIA increased - something that had not occurred since July 12. Compared to peak prices in summer 2001, Central and Northern Appalachian coal prices are down by about \$17.00 and \$11.00 per short ton, respectively. Compared to the previous floor in the summer of 2000, prior to the 2001 escalation, the latest indexed spot prices of \$30.50 per short ton for Central Appalachian and \$28.00 per short ton for Northern Appalachian coal are higher by 37% and 31% respectively. [more...](#)

Latest U.S. Electricity Information

Wholesale electricity spot prices fell yesterday in the Western United States as cooler weather has lowered the demand for electricity. Prices at the Mid-Columbia trading zone in the Northwest fell 17% to \$17.59 per megawatt-hour on August 19. Prices in the Northeast have also been decreasing over the past several trading days as cooler weather has reduced the demand for electricity. New England prices have decreased 68%, from a high of \$141.67 per megawatt-hour on August 14 to \$45.00 per megawatt-hour on August 19. [more...](#)



[Archives](#)

[EIA Home](#)

[Contact Us](#)

Page last modified on undefined



Energy Situation Analysis Reports

Previous Energy Situation Analysis Reports
(PDF Version 4/17/02-present; HTML text only 10/10/01-4/16/02)

Contact:

Lowell Feld

lowell.feld@eia.doe.gov

Phone: Lowell Feld: (202) 586-9502

Fax: (202) 586-9753

URL: <http://www.eia.doe.gov/emeu/security/esar/archive/esararchive.html>

If you are having problems with this site, please contact the EIA Webmaster at
wmaster@eia.doe.gov

Page last modified on undefined

Back to the Current Energy Situation Analysis Report

E-Mail Subscription Lists



[Home](#) > [Energy Situation Analysis Report](#) > [Latest US Oil Market Developments](#)

Latest Oil Market Developments

(updated August 20, 2002)

West Texas Intermediate (WTI) September crude oil futures on the New York Mercantile Exchange (NYMEX) rose sharply (\$0.51 per barrel) yesterday (8/19/02) from Friday's close, settling at \$29.84 per barrel. NYMEX front-month futures prices now have risen by \$3.34 per barrel (13%) since August 7, and are at their highest level since May 21, 2001 (\$29.98 per barrel) and May 14, 2002 (\$29.36 per barrel). Oil prices are being driven higher by a steep slide in U.S. crude oil inventories, with EIA data for the week ending August 9 showing U.S. crude stocks (excluding the Strategic Petroleum Reserve) at their lowest level since March 2001. Oil traders are now awaiting the next reports on U.S. oil stocks, to be released by the American Petroleum Institute (API) and Energy Information Administration (EIA) late today (8/20/02) and early tomorrow (8/21/02), respectively.

Besides low oil stocks, oil prices have been "bullish" in recent days due to: tensions in the Middle East; speculation over the possibility of U.S. military action against Iraq; indications (see the statement, for instance, by Kuwait's acting oil minister below) that OPEC may not raise its output quotas when it next meets (9/19/02) in Osaka, Japan; and "short covering" ahead of expiring September NYMEX futures contracts today (8/20/02). Factors tending to hold prices down are OPEC overproduction and lower world oil demand forecasts for 2002 than previously had been forecast (see news items below).

Other topics affecting **world oil markets** include:

- OPEC yesterday (8/19/02) issued a report which reduced the group's forecast for 2002 world oil demand growth to just 0.16 million barrels per day, down 47% from its previous forecast. OPEC also reported that crude output from the group, including Iraq, rose 520,000 barrels per day in July (to 25.251 million barrels per day) compared to June. Iraq's crude production reportedly rose 182,000 barrels per day, to 1.756 million barrels per day, in July.
- Russia's Foreign Ministry downplayed a reported \$40 billion economic cooperation deal that it plans to sign with Iraq. The plan calls for extensive cooperation in various areas, including oil and energy in general. Russian companies are among the largest purchasers (for resale) of Iraqi oil and have signed several deals with Iraq for large-scale oil development after UN sanctions are lifted. In addition, Iraq owes Russia several billions of dollars in Soviet-era debt.
- In meetings yesterday (8/19/02), Russia reportedly failed to break an impasse over Iraqi oil pricing policy under the UN "Oil for Food" program. Russia has indicated that it wants the UN Sanctions Committee to return to the original practice of pricing oil at the beginning of the month, rather than the current system of retroactive pricing. The main issue involves Iraq's practice of adding illegal surcharges in order to earn hard currency outside UN control. In related news, the

impasse over returning UN weapons inspectors to Iraq continues, with the UN Security Council declining to consider a recent Iraqi proposal on this matter for the time being.

- Kuwait's acting oil minister, Sheikh Ahmad al-Fahd al-Sabah, indicated today (8/20/02) that if Iraqi oil supplies are disrupted due to a war, "OPEC countries are ready to fill any possible supply disruptions." Yesterday, Sheikh al-Fahd al-Sabah indicated that OPEC was unlikely to raise oil output at its September meeting in Japan unless the OPEC basket price was above \$28 per barrel (this would imply a price of approximately \$30 per barrel for WTI).
- As of August 20, 2002, the U.S. Strategic Petroleum Reserve (SPR) contained 579.7 million barrels of oil. The SPR has a maximum drawdown capability of 4.3 million barrels per day for 90 days, with oil beginning to arrive in the marketplace 15 days after a presidential decision to initiate a drawdown. The SPR drawdown rate declines to 3.1 million barrels per day from days 91-120, to 2.1 million barrels per day for days 121-150, and to 1.2 million barrels per day for days 151-180. The White House indicated yesterday (8/19/02) that it had no plans to tap the SPR, but warned of possible "risks ahead in the [oil] markets."

File last modified: August 20, 2002

[Archives of past Energy Situation Analysis Reports are now available.](#)

Contact:

Lowell Feld

lowell.feld@eia.doe.gov

Phone: Lowell Feld: (202) 586-9502

Fax: (202) 586-9753

URL: <http://www.eia.doe.gov/emeu/security/esar/latem.html>

If you are having technical problems with this site, please contact the EIA Webmaster at wmaster@eia.doe.gov

Latest U.S. Weekly EIA Petroleum Information

(updated August 15, 2002, except where noted)

Refinery Inputs and Production

U.S. crude oil refinery inputs averaged 15.3 million barrels per day during the week ending August 9, relatively unchanged from the previous week. Decreases in PADD's II and III (Midwest and Gulf Coast) were largely offset by increases in PADD's I and V (East Coast and West Coast). Over the last four weeks, crude oil inputs have averaged 15.4 million barrels per day, which is 61,000 barrels per day more than was averaged last year at this time. Motor gasoline refinery production decreased last week, reversing the upward trend seen over the last two weeks.

Petroleum Imports

U.S. crude oil imports increased by 500,000 barrels per day last week to average nearly 9.2 million barrels per day, the largest weekly increase since week ending June 28, 2002. During the most recent four weeks, crude oil imports have averaged nearly 9.1 million barrels per day, or more than 400,000 barrels per day less than during the same four-week period last year. Crude oil imports last week into PADD III (Gulf Coast) were up sharply from the previous week, more than offsetting the decreases in PADD's I and II (East Coast and Midwest). Total motor gasoline imports (including both finished gasoline and gasoline blending components) averaged nearly 700,000 barrels per day last week, a decrease of more than 300,000 barrels per day from the previous week.

Petroleum Inventories

Despite the increase in crude oil imports last week, U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) fell by 7.2 million barrels, and are now 11.6 million barrels lower than a year ago. U.S. commercial crude oil inventories are now at 300.0 million barrels, the lowest level since the week ending March 16, 2001. Motor gasoline inventories decreased last week by 4.5 million barrels due to declines in both refinery production and import levels. Distillate fuel inventories fell by 1.1 million barrels, with a 1.7 million barrel decline in low-sulfur distillate fuel inventories more than offsetting a 0.6 million-barrel build in high-sulfur distillate fuel inventories. Total commercial petroleum inventories are now 6.7 million barrels below year-ago levels.

Petroleum Demand

Total product supplied over the last four-week period averaged over 20.1 million barrels per day or about 0.5% more than the very high level last year. Motor gasoline demand, however, has averaged 2.0% above last year's level over the last four weeks, while distillate fuel demand has averaged 3.2% below last year's level. Jet fuel demand over the last four weeks is 7.8% below year-ago levels.

Spot Prices (updated August 20, 2002)

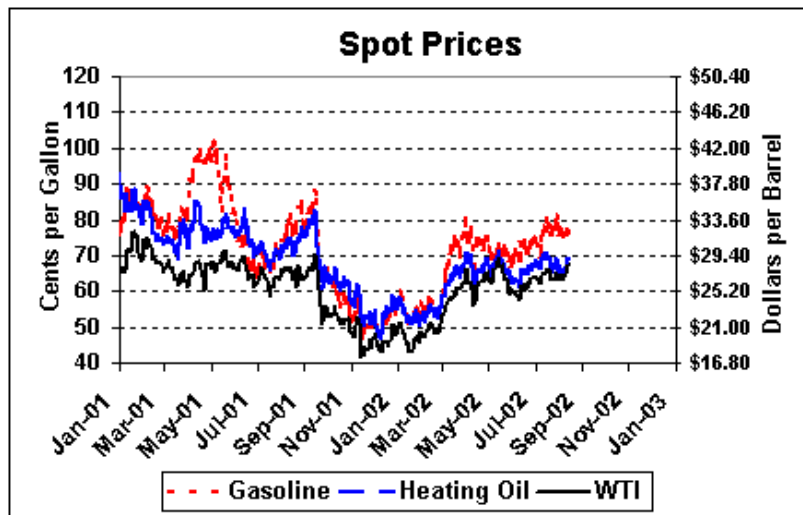
The average world crude oil price on August 16, 2002 was \$25.25 per barrel, up \$0.96 from the previous week and \$0.47 above the same time last year. WTI was \$29.24 per barrel on August 16, 2002, up \$2.37 per barrel from last week and \$2.59 per barrel higher than last year. The spot price for conventional gasoline in the New York Harbor was 76.50 cents per gallon, up 1.07 cents per gallon from last week and 3.60 cent per gallon higher than a year ago. The spot price for low sulfur diesel fuel in the New York Harbor was 74.50 cents per gallon, 6.54 cents per gallon above last week and 3.15 cents per gallon more than last year.

Retail Gasoline and Diesel Fuel Prices (updated August 20, 2002)

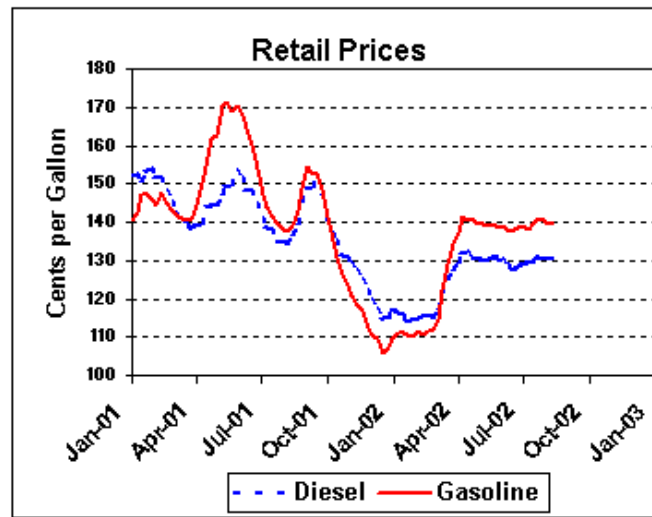
The U.S. average retail price for regular gasoline fell 0.1 cent per gallon last week, ending at 139.2 cents per gallon as of August 19. This price is 3.5 cents per gallon lower than last year, turning around four previous weeks of higher 2002 prices. Price changes were mixed throughout the country, with the largest decrease occurring in the Rocky Mountain region, which saw a decrease of 0.7 cent to end at 144.9 cents per gallon. The largest price increase occurred on the Gulf Coast, where prices rose 0.5 cent to end at 130.9 cents per gallon. Gasoline prices have not seen any sharp increases yet this summer, and while there is still potential for some pressure on prices ahead of Labor Day, any significant movement would likely prove to be very brief, barring major regional infrastructure difficulties. Retail diesel fuel prices increased by 3.0 cents per gallon to a national average of 133.3 cents per gallon as of August 19.

U.S. Petroleum Prices

(updated August 20, 2002)



Source: Closing quote as reported by Reuters News Service



Source: Energy Information Administration (EIA)

Crude Oil and Oil Products Price Table

Date	WTI Crude Oil		Gasoline		Heating Oil		Kerojet	Propane		EIA Weekly Retail	
	Spot	Futures	Spot	Futures	Spot	Futures	Spot	Spot	Spot	US Average	
	Cushing		NYH		NYH		NYH	Mt. Belvieu	Conway	Gasoline	Diesel
	\$/bbl	\$/bbl	cents per gallon		cents per gallon		c/gal	cents per gallon		cents per gallon	
7/2/2002	\$26.83	\$26.77	74.07	78.98	67.98	68.71	71.28	37.13	35.75	138.2	129.4
7/3/2002	\$26.82	\$26.80	73.63	78.60	68.38	68.77	71.82	37.01	35.19		
7/4/2002	NA	NA	NA	NA	NA	NA	NA	NA	NA		
7/5/2002	NA	NA	NA	NA	NA	NA	NA	NA	NA		
7/8/2002	\$26.14	\$26.07	69.60	76.14	66.15	66.80	69.65	36.19	34.38		
7/9/2002	\$26.16	\$26.09	71.63	76.96	66.40	67.05	69.50	36.25	34.44	139.4	130.0
7/10/2002	\$26.73	\$26.77	74.30	78.99	67.70	68.67	70.70	36.94	34.88		
7/11/2002	\$27.01	\$26.83	75.53	79.83	68.90	69.01	71.85	36.50	34.63		
7/12/2002	\$27.48	\$27.48	78.20	82.44	69.72	70.54	72.92	37.19	35.07		
7/15/2002	\$27.23	\$27.07	76.68	80.85	69.20	69.55	72.25	37.07	34.88		
7/16/2002	\$27.68	\$27.75	79.95	84.53	69.99	71.09	73.04	37.19	34.88	141.0	131.1
7/17/2002	\$27.88	\$27.88	80.43	84.84	70.08	70.98	73.13	36.75	34.88		
7/18/2002	\$27.50	\$27.57	78.25	83.35	69.43	70.18	72.81	37.44	34.88		
7/19/2002	\$27.83	\$27.83	78.85	83.86	69.45	70.14	73.10	37.13	35.25		
7/22/2002	\$26.61	\$26.60	76.13	81.14	66.60	67.11	70.38	37.13	35.13		
7/23/2002	\$26.61	\$26.31	75.38	79.52	65.40	65.85	69.18	37.07	35.13	140.7	130.3
7/24/2002	\$26.78	\$26.87	77.48	82.33	67.15	67.60	71.20	37.38	35.00		
7/25/2002	\$26.67	\$26.77	77.15	82.24	66.55	67.41	71.40	37.38	35.00		
7/26/2002	\$26.55	\$26.54	77.34	82.21	66.13	66.75	70.88	37.44	35.57		
7/29/2002	\$26.54	\$26.55	78.66	83.16	66.30	66.60	71.40	37.57	36.07		
7/30/2002	\$27.43	\$27.36	81.13	85.61	68.75	68.87	73.90	37.57	36.07	139.5	130.4
7/31/2002	\$27.02	\$27.02	78.47	83.03	67.04	67.64	72.30	38.63	38.00		
8/1/2002	\$26.51	\$26.47	75.67	76.22	65.70	67.20	70.50	38.94	38.82		
8/2/2002	\$26.87	\$26.84	77.50	77.48	66.10	67.66	70.90	38.32	38.07		
8/5/2002	\$26.55	\$26.58	76.30	76.82	64.40	66.64	69.65	38.29	37.94		
8/6/2002	\$27.18	\$27.17	76.65	77.47	65.70	67.78	70.95	38.63	38.07	139.3	130.3
8/7/2002	\$26.58	\$26.50	75.00	75.46	65.00	66.61	70.45	38.50	38.25		
8/8/2002	\$26.67	\$26.67	74.95	75.54	65.83	67.24	71.38	38.75	39.19		
8/9/2002	\$26.87	\$26.86	75.43	75.50	65.43	67.18	71.18	39.19	39.19		
8/12/2002	\$27.84	\$27.86	76.28	77.75	67.75	69.46	73.32	40.25	40.19		
8/13/2002	\$28.35	\$27.90	76.98	77.38	68.80	69.42	74.38	40.13	40.25	139.2	133.3
8/14/2002	\$28.19	\$28.15	75.88	77.64	68.73	70.14	74.48	40.88	41.63		
8/15/2002	\$28.99	\$29.06	77.82	79.76	71.48	72.78	76.48	41.50	41.75		
8/16/2002	\$29.24	\$29.33	76.50	79.19	72.00	73.45	77.00	41.50	41.88		
8/19/2002	\$29.86	\$29.84	76.50	79.09	72.05	73.39	76.90	42.13	42.88		

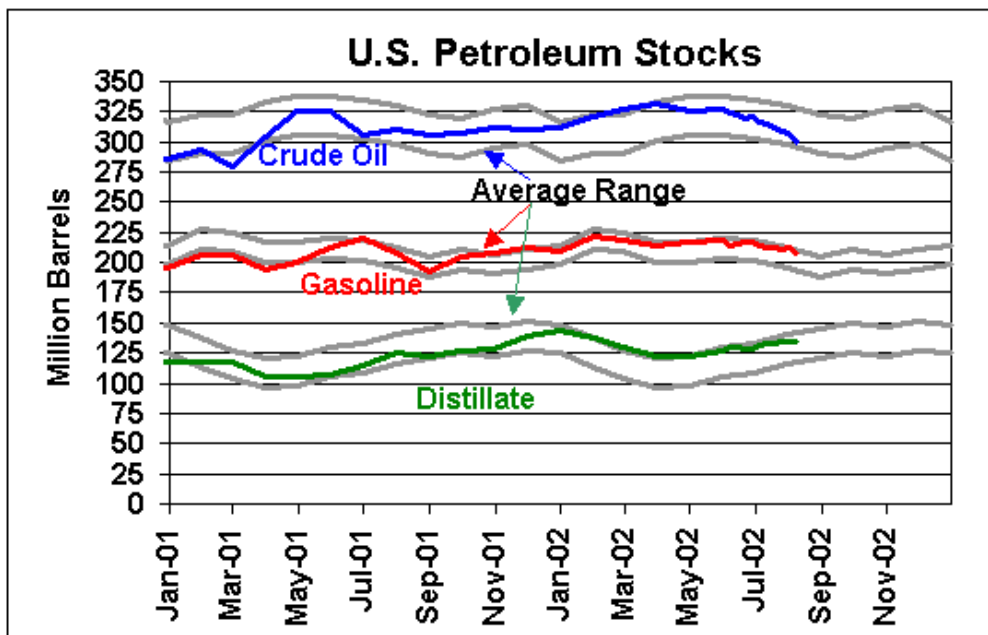
Source: Spot and futures closing quotes as reported by Reuters News Service, retail prices reported by EIA

Energy Situation Analysis Report

U.S. Petroleum Supply

(Thousand Barrels per Day)	Four Weeks Ending		vs. Year Ago	
	8/9/2002	8/9/2001	Diff.	% Diff.
Refinery Activity				
Crude Oil Input	15,399	15,338	61	0.4%
Operable Capacity	16,800	16,662	138	0.8%
Operable Capacity Utilization (%)	92.7%	93.7%	-1.0%	
Production				
Motor Gasoline	8,615	8,423	192	2.3%
Jet Fuel	1,547	1,623	-76	-4.7%
Distillate Fuel Oil	3,494	3,785	-291	-7.7%
Imports				
Crude Oil (incl. SPR)	9,068	9,505	-437	-4.6%
Motor Gasoline	900	703	197	28.0%
Jet Fuel	88	127	-39	-30.9%
Distillate Fuel Oil	204	210	-6	-2.8%
Total	11,216	11,721	-505	-4.3%
Exports				
Crude Oil	30	16	14	89.2%
Products	957	912	45	4.9%
Total	987	927	60	6.4%
Products Supplied				
Motor Gasoline	9,179	9,003	176	2.0%
Jet Fuel	1,615	1,752	-137	-7.8%
Distillate Fuel Oil	3,526	3,812	-286	-7.5%

Jet Fuel	1,615	1,752	-137	-7.8%
Distillate Fuel Oil	3,525	3,643	-118	-3.2%
Total	20,083	19,986	97	0.5%
<hr/>				
vs. Year Ago				
Stocks (Million Barrels)	8/9/2002	8/9/2001	Diff.	% Diff.
Crude Oil (excl. SPR)	300.0	311.6	-11.6	-3.7%
Motor Gasoline	208.0	204.6	3.4	1.7%
Jet Fuel	40.0	42.2	-2.2	-5.2%
Distillate Fuel Oil	134.0	124.4	9.6	7.7%
Total (excl. SPR)	1,012.7	1,019.4	-6.7	-0.7%



Source: Energy Information Administration, Weekly Petroleum Status Report, Petroleum Supply Monthly.

File last modified: August 20, 2002

[Archives of past Energy Situation Analysis Reports are now available.](#)

Contact:

Doug MacIntyre

douglas.macintyre@eia.doe.gov

Phone: Doug MacIntyre : (202) 586-1831

Fax: (202) 586-9753

URL: <http://www.eia.doe.gov/emeu/security/esar/latpet.html>

If you are having technical problems with this site, please contact the EIA Webmaster at wmaster@eia.doe.gov

World Oil Market Highlights

(updated August 20, 2002)

According to third quarter 2002 estimates, the world holds about 5.6 million barrels per day of excess oil production capacity that could be brought online within 30 days, over 90% of which lies in OPEC countries. This figure does not include Iraqi spare capacity.

Major Sources of U.S. Petroleum Imports, Jan.-May 2002*			
(all volumes in million barrels per day)			
	Total Oil Imports	Crude Oil Imports	Petroleum Product Imports
Canada	1.91	1.45	0.46
Saudi Arabia	1.52	1.50	0.02
Mexico	1.48	1.45	0.03
Venezuela	1.33	1.14	0.19
Iraq	0.70	0.70	0.00
Nigeria	0.54	0.51	0.03
United Kingdom	0.39	0.31	0.08
Norway	0.37	0.33	0.04
Algeria	0.32	0.04	0.28
Angola	0.32	0.31	0.01
Total Imports	11.15	8.86	2.29

* Table includes all countries from which the U.S. imported more than 300,000 barrels per day in Jan.-May 2002.

Top World Oil Net Exporters, Jan.-May 2002*		
	Country	Net Exports (million barrels per day)
1)	Saudi Arabia	6.64
2)	Russia	4.81
3)	Norway	3.18
4)	Iran	2.43
5)	Venezuela	2.34

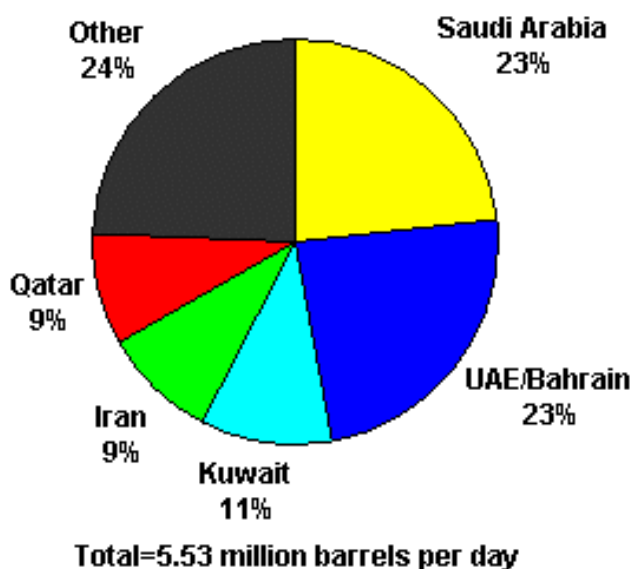
6)	United Arab Emirates	1.92
7)	Nigeria	1.86
8)	Iraq	1.65
9)	Kuwait	1.60
10)	Mexico	1.67
11)	Algeria	1.21
12)	Libya	1.17

**Table includes all countries with net exports exceeding 1 million barrels per day in Jan.-May 2002.*

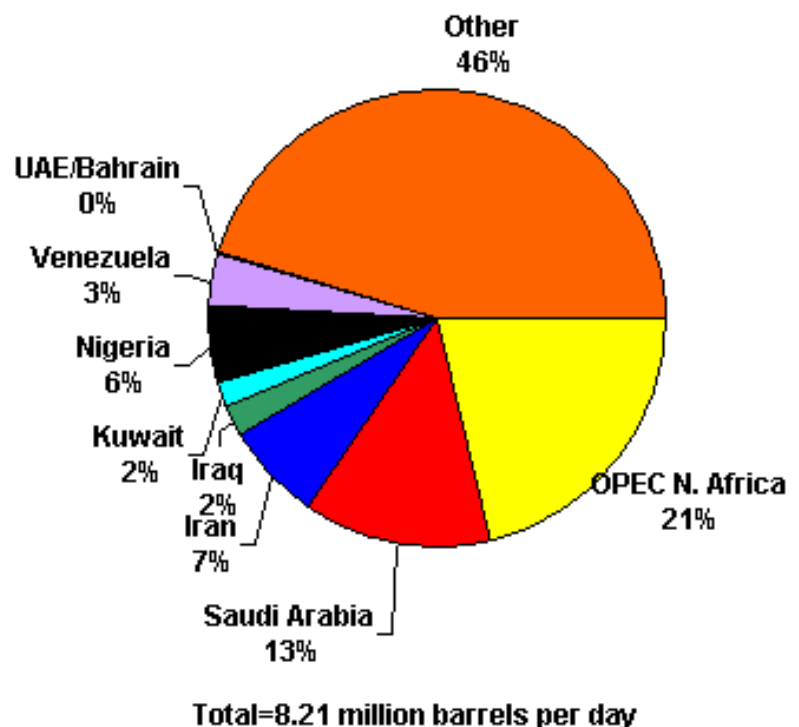
During the first five months of 2002, about half of U.S. crude oil imports came from the Western Hemisphere (17% from South America, 16% from Mexico, 15% from Canada, 2% from the Caribbean), while 27% came from the Persian Gulf region (17% from Saudi Arabia, 8% from Iraq, 2% from Kuwait).

In general, OECD Europe depends far more heavily on the Persian Gulf and North Africa for oil imports than the United States. During the first quarter of 2002, about 25% of OECD Europe's net oil imports came from the Persian Gulf (mainly Saudi Arabia, Iran, Iraq, and Kuwait), around 28% from Africa (mainly Libya, Algeria, and Nigeria), and much of the remainder from Russia. Japan receives over three-quarters of its oil supplies from the Persian Gulf (mainly the UAE, Saudi Arabia, Kuwait, Iran, and Qatar) with the remainder coming from Indonesia, China, and other sources.

Japanese Net Oil Imports by Country, 1Q 2002



OECD European Net Oil Imports by Country, 1Q 2002



File last modified: August 20, 2002

[Archives of past Energy Situation Analysis Reports are now available.](#)

Contact:

Lowell Feld

lowell.feld@eia.doe.gov

Phone: Lowell Feld: (202) 586-9502

Fax: (202) 586-9753

URL: <http://www.eia.doe.gov/emeu/security/esar/esar.html>

If you are having technical problems with this site, please contact the EIA Webmaster at wmaster@eia.doe.gov



[Home](#) > [Energy Situation Analysis Report](#) > **Latest U.S. Weekly Natural Gas Information**

Latest U.S. Weekly Natural Gas Information

(updated August 20, 2002)

[Industry/Market Developments](#)

FERC Staff Addresses Quality of Publicly-Reported California Natural Gas Price Data in Power Market Investigation: Federal Energy Regulatory Commission (FERC) staff has concluded that publicly-reported California natural gas prices for a period during 2000-2001 are not sufficiently reliable for use in ongoing proceedings at the Commission. As part of its probe into possible price manipulation in Western energy markets and the need for refunds to buyers of electricity in California, FERC staff said that there are preliminary indications that manipulation of publicly-reported natural gas spot prices may have occurred. FERC staff noted spot prices for natural gas at California delivery points in the past correlated highly with prices at producing locations and the Henry Hub. However, during the months of October 2000 to July 2001, the correlation was abnormally low. Staff reported that it cannot independently validate published price data because of a lack of formal verification procedures. FERC's final determination for the level of natural gas prices will be used to establish the amount of refunds owed to California buyers of electricity during the energy crisis. Rather than rely on prices at California delivery points, FERC staff suggested that the Commission calculate California gas prices using spot prices from producing areas, plus an allowance for interstate natural gas pipeline and local distribution company charges to transport the gas to market. Such a calculation would result in a dramatic reduction in the mitigated market clearing price for electric power in California during the period.

[Natural Gas Storage](#)

Working gas in storage for the week ended Friday, August 9 was 2,620 Bcf, according to the EIA *Weekly Natural Gas Storage Report*. At this level, total U.S. inventories are greater than the average for the previous 5 years (1997-2001) by just under 15%. The implied net injection for the week was 53 Bcf, which is just 3 Bcf below the 5-year average. All regions continue to show significantly higher-than-average inventory levels, with the West and Producing regions maintaining double-digit percentages above average.

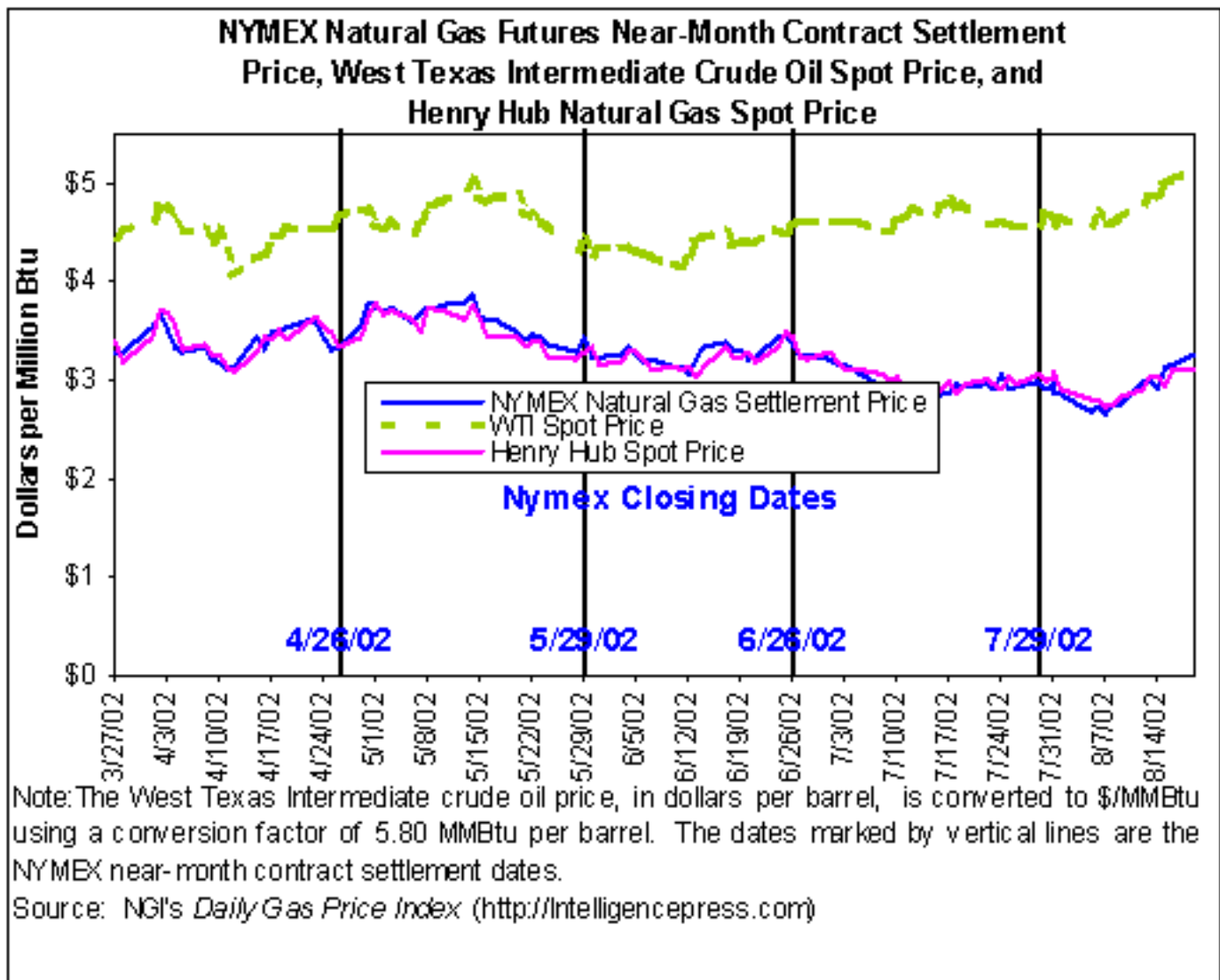
All Volumes in Bcf	Current Stocks 8/9/02	Estimated Prior 5-Year (1997-2001) Average	Percent Difference from 5 Year Average	Implied Net Change from Last Week	One-Week Prior Stocks 8/2/02
East Region	1,459	1,354	7.8%	45	1,414
West Region	367	306	19.9%	7	360
Producing Region	794	628	26.4%	1	793
Total Lower 48	2,620	2,287	14.6%	53	2,567

Source: Energy Information Administration: Form EIA-912, "Weekly Underground Natural Gas Storage Report," and the Historical Weekly Storage Estimates Database.

Prices:

Spot prices at most market locations surged in Friday's (August 16) trading, but were mostly flat to slightly higher during trading on Monday, August 19. Friday's increases were primarily between 10 and 20 cents per MMBtu, following the significant upward movement in the futures market of the day before. The Henry Hub average price moved up \$0.08 to \$3.10 per MMBtu, where it stayed during yesterday's trading. Locations with price increases just slightly outnumbered those with decreases or no change. Price changes generally were limited to less than 5 cents per MMBtu, whether up or down. Major exceptions were in the Rocky Mountains region and at Transco Zone 6 for New York delivery. In the Rockies, many points had increases of a dime to nearly 30 cents per MMBtu on Monday, although average prices at most points in this region are still below \$1.50 per MMBtu. The average price at Transco Zone 6 for New York delivery continued its substantial downward trend from last week, dropping 43 cents on Friday and 15 cents per MMBtu on Monday, to \$3.49 per MMBtu.

On the NYMEX, futures prices continued to show strength despite signs of moderating temperatures as well as short-term forecasts from the National Weather Service calling for below normal temperatures for the eastern half of the nation during the last week of August. After gaining nearly 39 cents from Friday to Friday (August 9-16), the September contract began this week with an increase of \$0.118 per MMBtu on Monday, to settle at \$3.267 per MMBtu. The highest-priced gas through the next heating season, for January delivery, settled yesterday just shy of \$4 per MMBtu, at \$3.998 per MMBtu.



<i>Trade Date (All prices in \$ per MMBtu)</i>	California Composite Average Price*	Henry Hub	New York City	Chicago	NYMEX futures contract-September delivery	NYMEX futures contract-October delivery
7/23/02	2.75	2.96	3.27	2.91	2.895	2.937
7/24/02	2.70	2.91	3.26	2.86	3.040	3.075
7/25/02	2.83	3.03	3.44	3.04	2.888	2.933
7/26/02	2.77	2.94	3.42	2.87	2.891	2.933
7/29/02	2.86	3.06	4.71	3.00	2.905	2.930
7/30/02	2.69	2.98	5.85	2.91	2.891	2.916
7/31/02	2.68	3.04	7.07	3.00	2.954	2.971
8/1/02	2.74	3.07	5.97	3.04	2.842	2.874
8/2/02	2.53	2.91	3.69	2.85	2.858	2.885
8/5/02	2.57	2.81	3.25	2.76	2.678	2.720
8/6/02	2.54	2.79	3.18	2.73	2.716	2.755
8/7/02	2.48	2.73	3.04	2.65	2.660	2.704
8/8/02	2.46	2.75	2.99	2.66	2.745	2.784
8/9/02	2.54	2.83	3.41	2.73	2.761	2.804
8/12/02	2.70	2.91	4.10	2.82	2.965	3.001
8/13/02	2.76	3.03	4.90	2.95	2.975	3.018
8/14/02	2.74	3.03	4.38	2.96	2.910	2.955
8/15/02	2.65	2.92	4.07	2.86	3.127	3.172
8/16/02	2.76	3.10	3.64	3.02	3.149	3.208
8/19/02	2.77	3.10	3.49	3.00	3.267	3.327

* Average of NGI's reported average prices for: Malin, PG&E citygate, and Southern California Border Average.

Source: NGI's Daily Gas Price Index (<http://intelligencepress.com>)

File last modified: August 20, 2002

[Archives of past Energy Situation Analysis Reports are now available.](#)

Contact:

Jim Thompson

james.thompson@eia.doe.gov

Phone: Jim Thompson : (202) 586-6201

Fax: (202) 586-4420

URL: <http://www.eia.doe.gov/emeu/security/esar/latng.html>

If you are having technical problems with this site, please contact the EIA Webmaster at

wmaster@eia.doe.gov

Definitions

Petroleum

WTI – West Texas Intermediate (for the purposes of this table, prices provided are near month futures price) Cushing OK.

Bbl – Barrel (42 gallons).

C's – cents.

Natural Gas

Henry Hub – A pipeline hub on the Louisiana Gulf coast. It is the delivery point for the natural gas futures contract on the New York Mercantile Exchange (NYMEX).

Electricity

COB – average price of electricity traded at the California-Oregon and Nevada-Oregon border.

Palo Verde - average price of electricity traded at Palo Verde and West Wing Arizona.

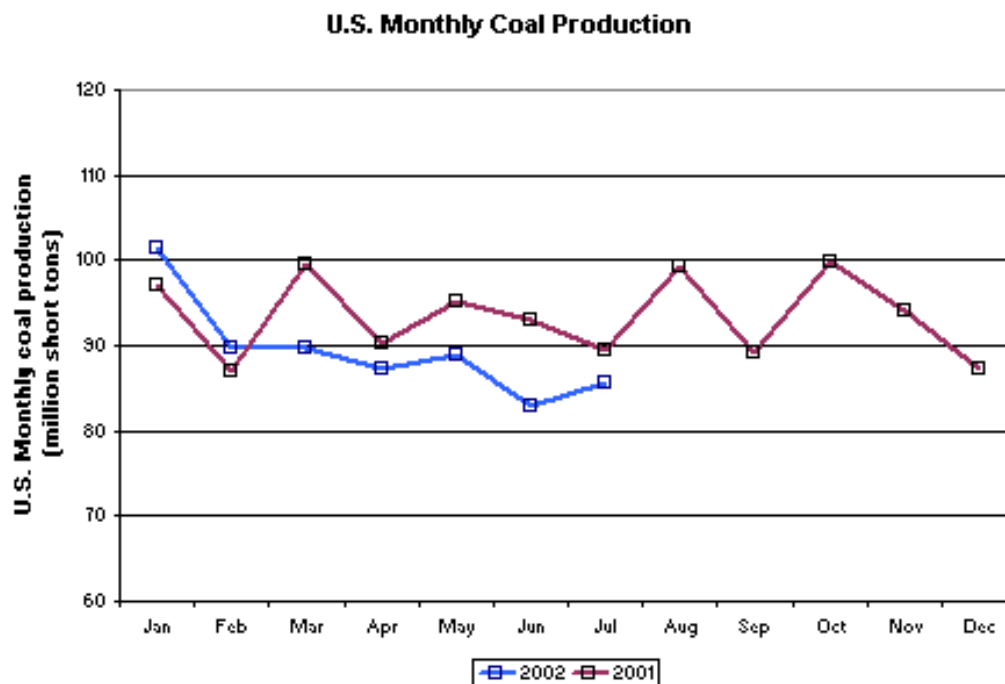
Average - average price of electricity traded at all locations.

Latest U.S. Coal Information

(updated August 20, 2002)

Coal Production

For the week ending August 10, rail car loadings of coal were 0.4% lower while national [coal production](#) was 5.8% lower, compared to year-ago levels. Year-to-date, western U.S. coal production is 2.0% below the levels of a year ago, whereas eastern U.S. coal production is estimated to be 6.8% below last year's level. The estimated production for the first seven months of 2002 was 620.1 million short tons (mst), 3.9% lower than the 651.3 mst in the first seven months of 2001.



Lower production at this time results from large coal stockpiles at mines and at consuming facilities due to slowed economic activity and an extended spring period of low seasonal demand at many electric power plants. EIA estimates that coal stockpiled in the electric power sector at the end of March was 35.1% higher than in March 2001. In the first and second quarters of 2002, coal production exceeded coal use and consequently stockpiles built up much above planned levels. Cumulative weekly coal production volumes are down more (in absolute terms) than are cumulative rail car loadings. This reflects a rundown occurring now in producer and distributor stockpiles. The stock rundown (and its dampening impact on production) will continue until coal stockpiles attain normal levels.

It appears that there was about a 30 million ton overage in the supply chain following the first quarter of 2002, so it was expected to take several months of curtailed production to reduce the excess producer and distributor stocks. With warmer-than-normal temperatures in most of the country during the July and August, inventories at electricity generators have started down. Would-be buyers, however, are finding coal producers holding firm on price demands. While some eastern mines are back in production, the major suppliers are still keeping a number of large mines idle awaiting better prices for contract coal. Supplies of eastern compliance coal are reportedly tight as the unusually protracted pricing

standoff continues.

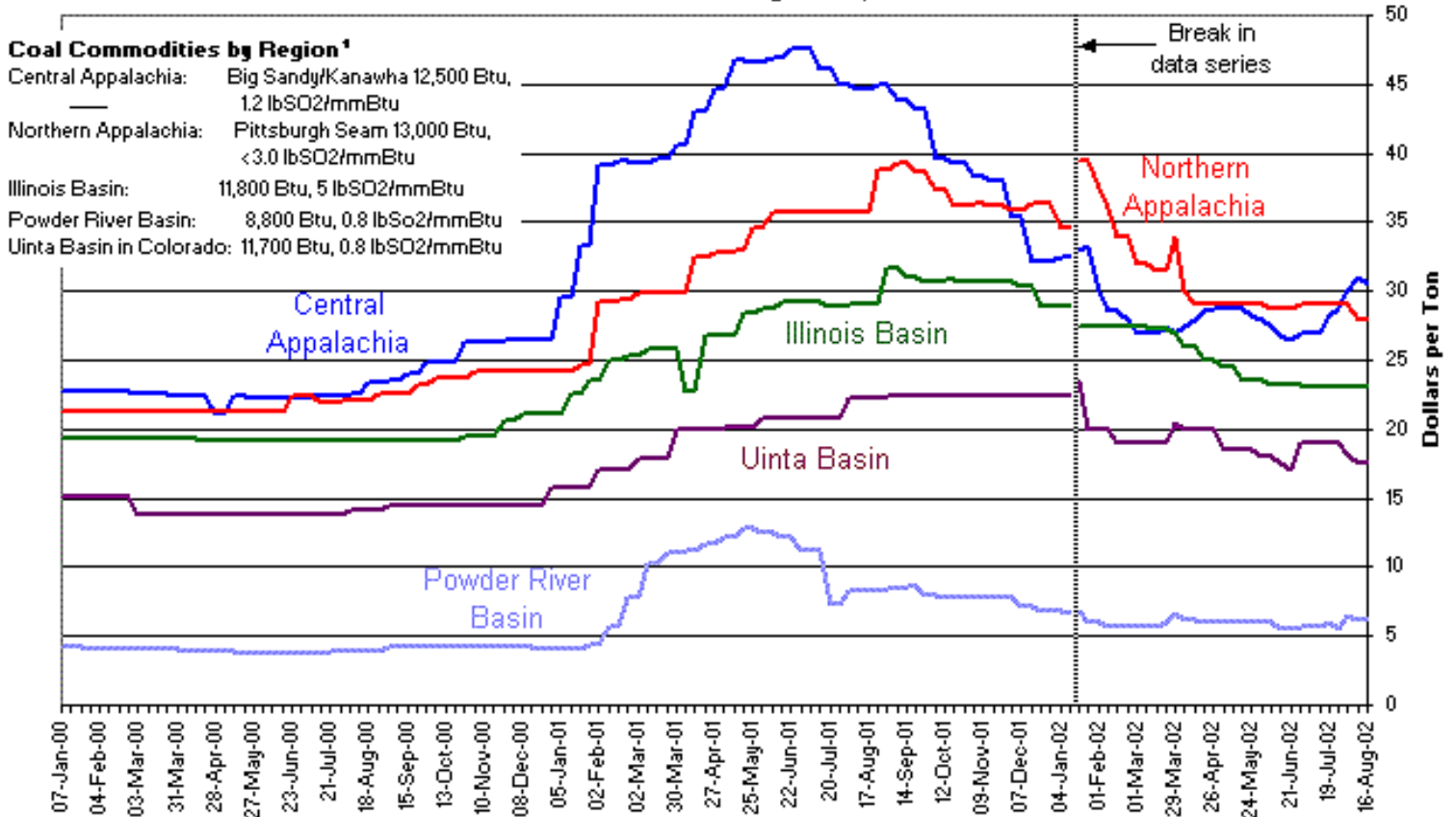
Coal Prices

For the week ending August 16, none of the week-to-week coal prices tracked by EIA increased-something that had not occurred since July 12. After firming up between March and July, spot coal prices (graph below) had become mixed during the previous 4 weeks: Central Appalachian coal prices rose markedly, Powder River Basin prices jostled up and down slightly each week, and Illinois Basin prices have held firm. Northern Appalachian and Uinta Basin prices had been relatively firm also, before declining again during the past week. The confused coal prices mirror the differing opinions as to whether prices will continue to decline, and reflect hesitancy among coal buyers. Relatively few buyers are in the market, as most electric power generators have enough coal on hand for anticipated remaining summer consumption and some expect to have larger than average stockpiles even at the end of a hot summer because of lower electricity demand during 2002.

Compared to peak prices in summer 2001, Central and Northern Appalachian coal prices are down by about \$17.00 and \$11.00 per short ton, respectively. Compared to the previous floor in the summer of 2000, prior to the 2001 escalation, the latest indexed spot prices of \$30.50 per short ton for Central Appalachian and \$28.00 per short ton for Northern Appalachian coal are higher by 37% and 31% respectively. Other prices are also running higher than the summer 2000 baseline: by 27% for the Uinta Basin, 20% for the Illinois Basin, and 67% for the Powder River Basin. Significantly, by the week ended August 2, the average spot price tracked for largely compliance Central Appalachian coal (see graph) rose above that of Northern Appalachian Pittsburgh seam coal for the first time since November 2001.

NOTE: The date labels on the graph below have been changed. This change does not affect the price data or the relative positions on the weekly time scale (x-axis). The dates on the graph are now keyed (properly) to Friday of the week for which the average prices are plotted. Previously the dates on the graph reported the publication date of the source report.

Average Weekly Coal Commodity Spot Prices Week Ended August 16, 2002



¹Prior to January 11, 2002, EIA averaged 12-month "forward" spot prices for several coal specifications; after that date, coal prices shown are for a relatively high-Btu coal selected in each region, for delivery in the "prompt" quarter. The "prompt quarter" is the next calendar quarter, with quarters shifting forward after the 15th of the month preceding each quarter's end.

Source: with permission, selected from listed prices in Platts Coal Outlook, "Weekly Price Survey"

Over-the-counter (OTC) trading volumes on the [NYMEX](#) were low throughout the month of July. . The past week saw little to no activity, while offered prices remained firmly above \$29.00 for near-month contracts. These prices come after 5 months of slow but steady increases and they represent the first prices above \$29.00 since November 2001. Also contributing to an expectation of higher coal prices, NYMEX prices are now above \$30.00 for all 2003 delivery dates.

Coal Mining Legal Issues

Earlier this month the Department of Justice (DOJ) filed its expected brief appealing a May 8 injunction that put on hold permits for new surface mining in West Virginia and other parts of Central Appalachia (see Archives, August 6 and June 27, 2002). The DOJ argues that Judge Charles Haden III "erred" by defining overburden used in valley fills as illegal "waste" under Section 404 of the Clean Water Act. The appeal contends that the "waste" is actually "fill material" and is legal, and that it is not necessary that filled valleys be earmarked for some higher use, as Judge Haden interprets the Section 404 requirements. Briefings in this case will continue for several weeks. A ruling by the appeals court is not expected until early 2003. (Platts Coal Outlook, August 19, 2002).

File last modified: August 20, 2002

[Archives of past Energy Situation Analysis Reports are now available.](#)

Contact:

Bill Watson and Rich Bonskowski

william.watson@eia.doe.gov

richard.bonskowski@eia.doe.gov

Phone: Bill Watson: 202-287-1971; Rich Bonskowski: 202-287-1725

Fax: 202-287-1934

URL: <http://www.eia.doe.gov/emeu/security/esar/latcl.html>

If you are having technical problems with this site, please contact the EIA Webmaster at wmaster@eia.doe.gov

Latest U.S. Electricity Information

(updated August 20, 2002)

Selected Wholesale Electricity Prices: Wholesale electricity spot prices fell yesterday in the Western United States as cooler weather has lowered the demand for electricity. Prices at the Mid-Columbia trading zone in the Northwest fell 17% to \$17.59 per megawatthour on August 19. At the Four Corners trading center in the desert southwest, prices dropped to \$29.86 per megawatthour despite the unplanned outage at the Navajo coal-fired generating station in Arizona that reduced regional supply. The 750-megawatt unit is scheduled to resume operations today.

Electricity prices in the Mid-continent region fell for the second consecutive trading day as cooler weather lowered the demand for electricity. Prices at the Cinergy hub have dropped 30% over the past two trading days to \$22.10 per megawatthour on August 19.

Prices in the Northeast have also been decreasing over the past several trading days as cooler weather has reduced the demand for electricity. New England prices have decreased 68%, from a high of \$141.67 per megawatthour on August 14 to \$45.00 per megawatthour on August 19. The New York Zone J, New York City, saw prices fall for the fourth consecutive trading day to \$68.00 per megawatthour, a drop of 47% from last week's high price. Similarly, prices at PJM West also dropped for the fourth consecutive trading day, decreasing 63% to \$34.63 per megawatthour on August 19.

Over the past seven days, the average price at all trading centers has ranged between \$55.28 per megawatthour and \$32.42 per megawatthour.

U.S. Regional Electricity Prices at Major Trading Centers (Dollars per megawatthour)

Trading Centers	Date							Price Range		
	8/9/02	8/12/02	8/13/02	8/14/02	8/15/02	8/16/02	8/19/02	Max	Min	Average
COB	25.61	25.94	27.50	28.00	25.67	24.10	20.88	28.00	20.88	25.39
Palo Verde	35.59	37.23	37.72	36.95	32.76	33.72	29.99	37.72	29.99	34.85
Mid-Columbia	17.21	21.02	22.11	22.56	18.99	21.28	17.59	22.56	17.21	20.11
Mead/Marketplace	40.19	40.75	40.54	40.82	35.71	37.05	33.06	40.82	33.06	38.30
4 Corners	36.45	37.66	38.09	37.67	34.65	32.39	29.86	38.09	29.86	35.25
NP 15	30.78	33.36	32.18	32.29	28.80	29.32	26.75	33.36	26.75	30.50
SP 15	33.87	34.92	35.53	33.85	30.56	32.10	28.76	35.53	28.76	32.80
PJM West	55.34	68.65	93.49	80.77	72.54	48.25	34.63	93.49	34.63	64.81
NEPOOL	65.00	75.63	121.25	141.67	130.00	56.50	45.00	141.67	45.00	90.72
New York Zone J	84.50	106.00	127.80	107.00	95.00	71.50	68.00	127.80	68.00	94.26
Cinergy	31.30	35.92	31.90	31.36	31.70	24.94	22.10	35.92	22.10	29.89
Average Price	41.44	47.01	55.28	53.90	48.76	37.38	32.42	55.28	32.42	45.17

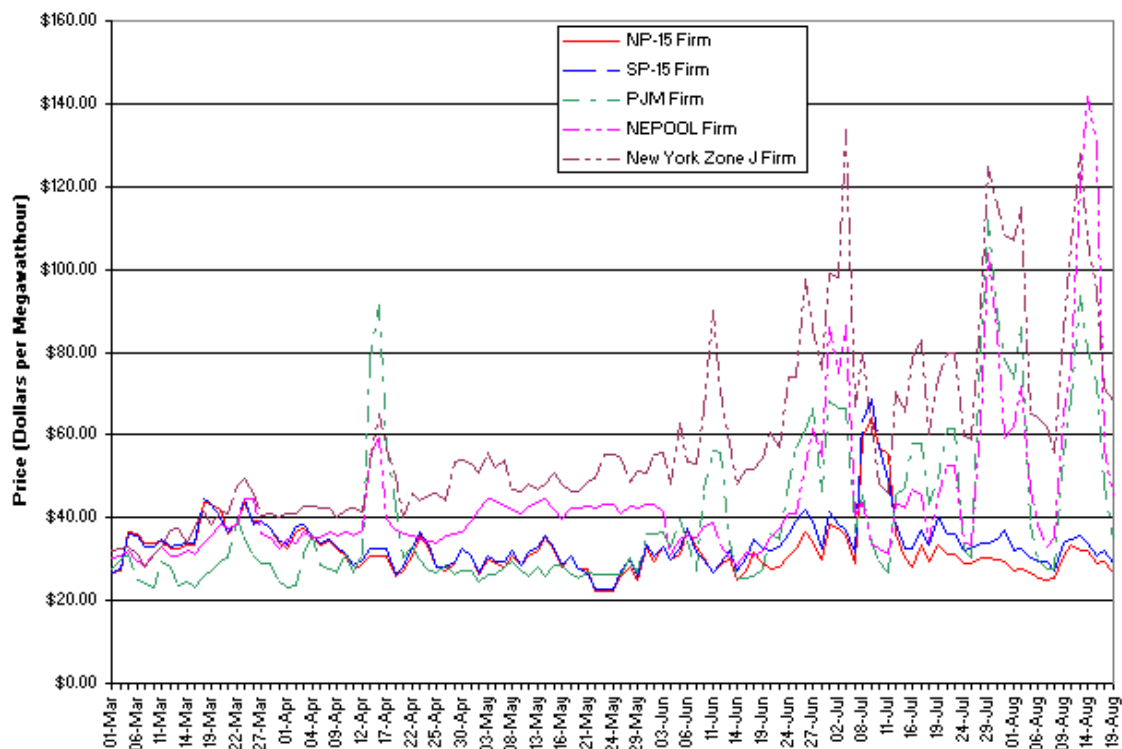
Sources: COB, Palo Verde, Mid-Columbia, Mead/Market Place, Four Corners, NP-15, SP-15, PJM-West, NEPOOL, New York Zone J, and Cinergy trading centers. Used with permission from Bloomberg L.P. (www.bloomberg.com).

Notes:

n.q. - No quotes available for the day.

COB: Average price of electricity traded at the California-Oregon and Nevada-Oregon Borders.
Palo Verde: Average price of electricity traded at Palo Verde and the West Wing, Arizona.
Mid-Columbia: Average price of electricity traded at Mid-Columbia.
Mead/Market Place: Average price of electricity traded at Mead Market Place, McCullough and Eldorado.
Four Corners: Average price of electricity traded at Four Corners, Shiprock, and San Juan, New Mexico.
NP-15: Average price of electricity traded at NP-15.
SP-15: Average price of electricity traded at SP-15.
PJM-West: Average price of electricity traded at PJM Western hub.
NEPOOL Average price of electricity traded at Nepool.
New York Zone J: Average price of electricity traded at the New York Zone J - New York City.
Cinergy: Average price of electricity traded into the Cinergy control area.

Average Wholesale Electricity Prices in the U.S.



File last modified: August 20, 2002

[Archives of past Energy Situation Analysis Reports are now available.](#)

Contact:

William Liggett

william.liggett@eia.doe.gov

Phone: William Liggett: (202) 287-1727

Fax: (202) 287-1934

URL: <http://www.eia.doe.gov/emeu/security/esar/latel.html>

If you are having technical problems with this site, please contact the EIA Webmaster at wmaster@eia.doe.gov